

# London Transport Museum Limited



Annual Report and Financial Statements  
Period ended 31 March 2009

Registered Charity Number 1123122  
Company Number 06495761  
Registered in England & Wales

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## MESSAGE FROM THE CHAIR OF TRUSTEES AND CHIEF EXECUTIVE

We are delighted to present the first Trustees report and accounts of the London Transport Museum since it was reopened in November 2007 and subsequently launched as an educational and heritage preservation charity in 2008.

Some 446,000 visits have been made to the Museum since reopening with over 300,000 of those taking place since 1 April 2008. This represents almost 50% more than the annual average in the decade before the Museum closed for refurbishment in 2005.

Our first full year as a charity has been one of consolidation for the Museum as new displays and building systems at Covent Garden, expanded online content, exciting public programmes and the new charitable governance arrangements have all been bedded in. To achieve this against a backdrop of record visitor numbers and increased public engagement has been a considerable challenge to which everyone across the organisation has risen.

We are proud of the new Museum's achievements: we attained accreditation under the Museum Accreditation Scheme and the Visit London's Visitor Attraction Quality Assurance Scheme in 2008; we won the Museums & Heritage Award for Excellence for Best Permanent Exhibition and were highly commended in the Classic Award category. At the Visit London Awards 2008 we attained a bronze medal for Visitor Attraction of the Year and our *Harry Patch* radio ad won in the Sport, Travel & Leisure category of the Campaign *Big Awards* 2008. Our furniture line won the Association of Cultural Enterprises Award for Best New Product Range, and the Worshipful Company of Carmen presented us with the Herbert Crow Award for transport education and knowledge enhancement.

A full and varied event programme included ' *The Art of the Poster* ' which was this year's major exhibition and publication, the result of a long research programme into the artworks behind some of the classic posters within our collection. A critical and popular success, the marketing campaign for the exhibition won the 2009 Museum & Heritage Award for Marketing Excellence. This exhibition is now scheduled to tour and will be at the Transport Museum in Dresden until August.

Partnerships enable us to extend the Museum's reach more widely across London and broaden its funding base and we are grateful to the Museum, Libraries and Archives Council's Renaissance in the Regions initiative, to our supporters and funders within Transport for London, the London Transport Museum Friends and to our many corporate and charitable sponsors.

The new Board of Trustees brings an impressive set of skills and experience to the Museum and reflect London's diverse nature. At Board meetings and strategic planning days the Trustees and the executive have worked together towards a long term strategy for the organisation. We look forward to a successful future for the Museum and the many people who visit and support us.

Sir David Bell and Sam Mullins  
June 2009

## INTRODUCTION

The Trustees present their annual report and the audited consolidated financial statements of London Transport Museum Limited (“The Museum”) and its trading subsidiary London Transport Museum (Trading) Limited (“LTMTL”), for the period from incorporation on 6 February 2008 to 31 March 2009. On 1 April 2008, under a Transfer Scheme approved by the Mayor of London, the operation of the Museum passed to London Transport Museum Limited (“LTML”). The transfer of net assets included £28.7m of fixed assets transferred to LTML and £0.6m of retail stock transferred to LTMTL at nil consideration. These transfers are shown as donations in the consolidated financial statements.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### History

The roots of the Museum’s collection date back to the 1920s when the London General Omnibus Company decided to preserve two Victorian horse buses and an early motorbus for future generations. The Museum of British Transport subsequently opened in a former bus garage in Clapham during the 1960s and displayed objects associated with urban, suburban and national transport systems. When objects relating to the over ground railways were moved to the National Railway Museum in the 1970s, the remaining artefacts became the London Transport Collection under the responsibility of the London Transport Board and its successor bodies who were given a statutory duty to preserve certain items. The collection was moved to Syon Park, the London home of the Duke of Northumberland, in 1973 where it was housed in a large greenhouse.

In 1980 the London Transport Museum was created in the former Flower Market building at Covent Garden in central London. Since then the Museum has undergone two major refurbishments which have increased the exhibition space and expanded the Museum’s facilities. The most recent one began in 2005 with the Museum fully reopening to the public on 22 November 2007. During the closure period, the Transport for London (TfL) Board approved a proposal to establish a TfL subsidiary company with charitable status to operate the Museum. It was considered that this would allow the Museum greater access to charitable sources of funding and create a governance structure more suited to a cultural entity of its size and status.

### Governing Documents

LTML is a registered charity which was incorporated on 6 February 2008 as a company limited by shares and is governed by its Memorandum and Articles of Association. Under the GLA Act 1999 TfL has the power to provide and maintain a museum of transport artefacts, records and other exhibits. While it is more common for charities to be operated by companies limited by guarantee, the Transport for London (Specified Activities) Order 2000 requires TfL to carry out museum activities through a company limited by shares.

Under section 5.1 of the LTML Memorandum of Association, the property and funds of the Museum must be used only for promoting the Objects and no dividend is payable to TfL.

LTML has a wholly owned subsidiary, London Transport Museum (Trading) Limited, through which it operates retail, corporate hire and other non-charitable activities to generate funds for the furtherance of the Museum’s objects. All the profits of LTMTL are donated to LTML.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Organisation

The Museum is governed by a Board of Trustees (“the Board”), chaired by Sir David Bell. The Board meets up to six times a year for routine business and convenes meetings as necessary to consider urgent issues. In addition, Trustees take part in an annual review of strategy. Day-to-day management of the Museum is delegated to the Chief Executive, Sam Mullins, and through him to the Senior Management Team, employees and volunteers.

### Appointment of Trustees

There are up to thirteen Trustees, three of whom are nominated by Transport for London and may be members, officers or employees of TfL or the Greater London Assembly. Nine independent Trustees unconnected with TfL are also appointed by the Board. The Chief Executive of LTML is automatically a Trustee by virtue of his office. Trustees serve a three year term following which they may be elected for another three years. The Articles of Association make allowance for a second three year extension in exceptional circumstances.

Other than the Chief Executive, who is an employee of LTML, the Trustees receive no remuneration but may claim travel expenses for attending meetings.

### Recruitment of Trustees

Independent Trustees are selected on their ability to meet the knowledge and experience of the vacancy to be filled. The Museum seeks to recruit Trustees with expertise across a matrix of experience significant to its strategy and operation; community outreach, education, museum practice, commercial transportation, finance and governance, retail operations and public relations. It is also important to the Trustees that the Museum Board is recruited so as to be representative of London’s diversity. The Museum supports TfL’s commitment to promoting equal opportunity for everyone, eliminating discrimination and promoting good relations between people of different ethnicity, religious belief and sexual orientation.

### Trustee Induction and Training

New Trustees undergo an orientation programme to brief them on their obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent performance of the Museum. During their induction they are invited to spend time with the Museum Chief Executive and meet senior staff, and are provided with a pack of reference material.

### Audit Committee

The role of the Audit Committee is to assist and advise the Board of Trustees of LTML on audit matters and oversee the relationship with TfL Internal Audit and external auditors. This includes detailed perusal of the Annual Accounts and supporting information, and consideration of Internal Audit Reports.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Relationship with Transport for London

A series of written agreements exist between TfL and LTM which set out the framework for the continued provision and maintenance of the Museum, the operation and funding of LTM, and the long-term relationship of the parties. The Museum cares for a collection of over 350,000 objects which remain the property of Transport for London and subject to a loan agreement between LTM and TfL.

### Risk management

The Trustees acknowledge their responsibility to assess and manage the risks facing the Museum. The major risks to which the Museum is exposed, as identified by the Trustees, have been reviewed. The Trustees have implemented a risk management strategy which includes the following actions that were undertaken in the period:

- Periodic risk reviews by the Chief Executive and Senior Management Team, advised and assisted by the TfL Risk Management department.
- Annual review of risk and risk management by the Trustees.
- Creation of a Risk Map and Risk Register.
- The establishment of systems and procedures to mitigate risks identified in the Risk Map and Risk Register.
- The implementation of procedures designed to minimise any potential impact on the Museum should those risks materialise.
- Regular audits of Museum operations carried out by TfL's Internal Audit department.
- A series of disaster recovery exercises and desktop simulations involving key Museum staff.

The Museum's key risks are identified as those with a potential impact that is rated "High" or Very High". Of these, three have a Medium to High likelihood of occurring. These are:

- A significant reduction in visitor numbers.
- A significant reduction in trading income.
- A significant loss of key staff and key skills, and the need to develop new skills following transfer to charitable status.

To mitigate these risks, the Museum has undertaken the following actions:

- Launched an advertising and marketing campaign aimed at appropriate target markets.
- Engaged with new audiences and communities.
- Developed new product lines and sales channels.
- Sought new sponsors for learning activities.
- Created the post of Research Fellow to ensure that the significant knowledge and experience of the former Head Curator continue to be applied to Museum charitable purposes.
- Sent key personnel for training in project management and charity finance.

## OBJECTIVES AND ACTIVITIES

London Transport Museum is an educational and heritage preservation charity whose purpose is to conserve and explain London's transport heritage and to offer people an understanding of the Capital's past development and engage them in the debate about its future.

## CHARITABLE OBJECTIVES AND PUBLIC BENEFIT

When reviewing the Museum's aims and objectives, and in planning future activities, the Trustees of London Transport Museum have had due regard to the principles of public benefit and the public benefit guidance published by the Charity Commission. The Trustees believe that the Museum delivers important public benefits that uphold these principles:

### **Principle 1: There are identifiable benefits, related to our aims and balanced against any harm.**

The Museum's aims are expressed by our charitable objects:

*"to advance the heritage of transport in London, and to educate the public about the history of transport in London through the provision, operation and maintenance of a transport museum for the public benefit; and to educate the public about the role of transport in the life and work of London past, present and future"*

The Museum provides clear and identifiable benefits to the public in three categories of activity:

#### Education & Engagement

Led by the Museum's Learning department, our Education & Engagement activities deliver learning opportunities to a wide range of audiences through activities on-site at the Museum in Covent Garden and the Depot in Acton, and via a variety of outreach programmes off-site. Educational outcomes are considered for all temporary and permanent exhibitions and the Museum offers a library and information service for independent learning and research.

#### Access & Museum Operations

Led by the Visitor Services department, our Access & Museum Operations activities make the collection available for the enjoyment of people of all ages, abilities and backgrounds through the daily operation of the Museum and galleries, special events at the Depot in Acton and via extensive Online Museum resources.

#### Heritage & Collections

Led by the Collections department, our Heritage & Collections work involves preserving, managing, researching and acquiring transport-related objects and material for the use and enjoyment of the public through permanent and temporary exhibitions, heritage vehicle outings and other collections-based activities. The breadth and quality of the collections, now totalling some 350,000 objects, means that they are relevant to far more than just transport history and constitute an important resource for the study and interpretation of industrial design and the social, urban and economic history of London.

## OBJECTIVES AND ACTIVITIES (continued)

The Museum does no harm or detriment through its charitable activities. Health and Safety is taken very seriously and the Museum operates safety management systems involving trained staff to reduce our risks to a level that are as low as reasonably practicable for all our operations. We also seek to reduce our impact on the environment and have introduced photovoltaic solar panels to the roof which will generate an estimated 2.5% of the annual electricity required in the galleries. This flagship installation is understood to be the largest ever undertaken on a listed building in the centre of London.

### **Principle 2: The benefits are to the public, are not unduly restricted and do not exclude people in poverty. Private benefits are incidental.**

The Museum delivers benefits to visitors to the Museum in Covent Garden and the Depot in Acton, to users of our website and to schoolchildren across Greater London who take part in our educational programmes. Our audience development and community outreach work engages with people who would not normally visit museums and galleries. The Museum at Covent Garden is fully accessible and welcomes visitors 363 days a year.

Our visitors come from across London and the world. We take our historic vehicles out onto the roads and rails, visit schools in all areas of Greater London and work with local community groups across the Capital. Our comprehensive Online Museum includes access to all the exhibits available in our main gallery as well as thousands of objects not normally on public display and we loan objects to other institutions to extend our reach and increase access to our collections.

Online access is free to all those connected to the World Wide Web and the Safety and Citizenship Programme is delivered at no cost to the schools taking part. Although the Museum has an admission charge for entry to the galleries at Covent Garden, various measures were in place throughout 2008/09 to ensure that charges did not unduly restrict access to the Museum's collections. These included free entry to the Museum for children under the age of 16; free entry for holders of London Freedom Passes which are distributed to London residents aged 60 and those who have an eligible disability; free entry for carers accompanying disabled visitors; reduced admission charges for students and other concessionary groups.

Where the Museum delivers private benefits to individuals or companies, these are subject to appropriate commercial arrangements undertaken through a subsidiary company to generate funds for the Museum. No LTML or TfL staff receive private benefit other than in an incidental way and, with the exception of Sam Mullins who receives a salary in respect of his position as the Museum's Chief Executive, the Trustees received no payments for their role as Trustees of the Museum.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

### Education & Engagement

#### *Activities at Covent Garden and the Depot*

During the period from 1 April 2008 when LTML took over operation of the Museum, sessions for groups ranging from nursery to university level were led by our team of trained educators. All activities were designed to support the needs of pupils and teachers, and their various curriculum requirements. The team has creatively linked the Museum's collections to diverse topics including art, history, design, technology and engineering, and saw nearly 24,000 individuals in the year.

Support from the London Museums Hub enabled the Learning department to offer bespoke activities for the following specialised groups:

- *People with Special Educational Needs.* Over 500 young people with varied special needs took part in sessions which introduced innovative uses for communication technologies such as widget symbols and easily activated switches.
- *Secondary Schools/Colleges.* Imaginative new activities covered a variety of areas including travel and tourism, design and technology and geography. Over 3,000 pupils took part in these activities.
- *Family Learners.* Activities such as 'Megamap' where our visitors created a giant Tube map that dominated the galleries, reached over 9,000 people, extending our creative learning sessions to this important audience.

#### *Off-Site outreach programmes*

The Safety and Citizenship Programme engages primary and secondary school pupils in years 6 to 10 in interactive sessions which cover topics such as respect, responsibility and awareness. The purpose of the programme is to equip young people with the practical skills required as independent travellers on London's public transport including how to avoid dangers, dealing with emergencies and getting help. More than 136,000 young people were reached by the programme since 1 April 2008 through in-school activities and Junior Citizenship Schemes. The programme also aims to promote greater understanding and awareness of public transport amongst London's youth and reduce anti-social behaviour, graffiti and vandalism on the transport network.

#### *Engagement*

The audience development team delivered a vibrant and diverse programme for families, adults and children from groups that face barriers to engagement with the Museum. Outreach activities such as reminiscence sessions with elders and storytelling for under 5s at community centres across London reached nearly 3,000 people between 1 April 2008 and 31 March 2009.

In addition, the team delivered 6 extensive interactive projects with community groups which resulted in temporary exhibitions, artistic displays and videos. All groups engaged with Museum staff and have been encouraged to become regular visitors.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

2008 saw the commencement of a significant new area of schools engagement work. Inspired by TfL's Skills and Employment Strategy which identified a shortfall of engineers in the UK, the Museum developed a programme of inspirational hands-on activities for young people. Over 500 students took part in a trial programme which allowed them to meet engineers from TfL, explore career paths and educational options and participate in a unique engineering challenge called 'Eggsperiment'. Ninety-five percent of the participants stated that the event increased their understanding of engineering and we intend to expand this area of engagement in the future.

### *Library and Information Service*

The Library and Information Service assists writers, journalists, family historians and film and television researchers with transport-related enquiries.

During the period, the Library and Information Service dealt with a record 10,970 written and in-person enquiries at the Museum's Information Desk, in the library and through our online enquiry service which is used by a global audience. The library welcomed 596 visitors, despite being closed for four and a half months while nearby refurbishment work took place.

The Museum's 'Borough books' project is managed through the library, working jointly with local authority archives and museum services across London. Partnerships have been made during 2008-9 with Camden, Croydon and Hackney.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

### Access & Museum Operations

#### *Covent Garden and Acton Depot*

The period from 1 April 2008 to 31 March 2009 was the Museum's first full year of operation following two years of refurbishment. Over 300,000 visitors to Covent Garden made this the most successful year in the Museum's history.

Operating the Museum every day except Christmas Day and Boxing Day, the visitor services team achieved a consistently high standard of customer service throughout the year and attained Visitor Attractions Quality Assurance Scheme (VAQAS) Accreditation as a result. The Museum received a high visitor satisfaction survey rating score of 79% for 'overall satisfaction' and 'propensity to recommend and return to the Museum'.

Our Acton Depot collections centre was opened to the public on two weekends during 2008/09 and attracted over 7,000 visitors. The November weekend had a family-fun theme while 'London's Transport in Miniature' in March featured model railway and tramway layouts and was the most popular open weekend that has ever been held at the Depot.

As well as our core audience of family visitors to the Museum and Depot, programmes and events helped us reach new audiences. We participated in the *London Design Festival* in September 2008 and created a programme of events as part of the *London Festival of Architecture* which included a talk on Shanghai eco-city Dongtan and a talk by Wayne Hemingway on his vision for sustainable communities. We also offered an art deco-themed 1938 Tube Stock run which attracted large numbers of women and young adults as well as transport enthusiasts. To our surprise, some arrived in 1930s dress.

In June 2008 we launched our Futures galleries at Covent Garden with a major public debate, '*Survive or thrive? Urban choices for the 2050s*'. We worked in partnership with gallery sponsor Orange and the debate was chaired by BBC Radio Four Today programme presenter James Naughtie. Over 3,000 people played the online game version of the Future Generator in just one month.

As a charity, London Transport Museum Limited was able to introduce the ability for UK Taxpayers to contribute a Gift Aid donation when purchasing admission to the Museum from 1 April 2008. This has proved popular and approximately 70% of eligible visitors made a donation during the year, generating a valuable new source of funding for the Museum.

#### *Access through the Web*

2008 saw the public launch of our Online Museum project, which makes available via the web the entire collection that is on permanent display at Covent Garden. This extension to our website allows access to over 2,000 new objects together with all the text information available inside the Museum. In addition, for the first time we put an entire special exhibition, *The Art of the Poster*, online in order to preserve all the text and provide future access to the exhibition via the web.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

The website contains a 'share a memory' facility which allows web visitors to add their personal interpretation of the Museum's objects. The Museum added this functionality in response to the Museums, Libraries and Archives Council (MLA) *Revisiting Collections* project. The aim of the project is to capture information to enhance the meaning and significance of museum collections for new and culturally diverse audiences. Throughout the last year we have been collecting stories and memories, and publishing them on the web.

For the 100<sup>th</sup> anniversary of the LT 'Roundel' logo in September 2008 we launched a Roundel web resource. In addition to updating the history of this well known symbol, the resource features many web firsts for the Museum, including very high quality zoomable images, a flash-based matching pairs game, Web 2.0 Flickr group feed integration and a new online evaluation module that came out of work within the London Museums Hub.

Our online poster collection was updated in November 2008 and we also launched a Christmas themed poster gallery, had five new popular magic colouring interactive games, a vote for your favourite posters contest, and offered Christmas, Valentine and Easter themed WebCards.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

### Heritage & Collections

#### *Collections*

The core of our historic collections comprises material collected by London Transport and its predecessors between 1925 and 2000 which includes vehicles, posters, original artwork and a wide range of supporting material, much of which is of national and international significance.

The Museum continues to collect and in 2008/09 a total of 3,742 items were accessioned into the permanent collections and 34 items into the handling collection. Notable items included a Saviem SC10U single deck left hand drive French motor bus from 1977, an important collection of pre-First World War bus badges and a newly commissioned artwork from Sir Peter Blake.

The Museum will approach future acquisitions as part of an integrated contemporary collecting strategy that will cover the extended remit of TfL from 2000 and also better represent London's diversity.

#### *Collections Development*

As part of the *Art of the Poster* exhibition programme, many artwork documentation records were expanded and made available via the Online Museum. In advance of next year's major Suburbia exhibition, there has been a significant focus on research, enhanced documentation, acquisitions and digitisation, and the oral history collection has been reorganised with improvements to methods of recording, documentation and storage.

#### *Collections Management and Conservation*

Collections management has continued to focus on rationalisation of our Depot storage facility in Acton. The content of our satellite store near Chiswick Park, consisting mainly of parts and spares for rail rolling stock was consolidated with the items in Acton during 2008.

The fully restored four-car unit of 1938 tube stock made three successful trips onto the London Underground network in 2008/09 and has undergone detailed examination to renew its certification for operation in 2009/10.

Four vehicles from the road collection received attention to enable them to operate outside of the Museum premises and carried passengers at special running days. The Museum's entry in the Historic Commercial Vehicle Society's annual London to Brighton Run was the 1936 AEC Tower Wagon. It gained a 1<sup>st</sup> in class award for its standard of restoration and presentation.

Following the transfer of the ephemera collection (which exceeds 80,000 items) from Covent Garden, volunteers have assisted staff with a major project to rationalise the collection and accession additional material in order to audit the collection and improve access. An inventory of over 750 boxes of material has already been produced.

A project managed by the LTM Friends to restore a four-car Q-stock Underground train from the District Line has been developed to its first stage. This will establish the viability of full restoration to operating condition or a more limited cosmetic restoration for static display.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

### *Community Curating*

The Collections department has continued to work in new and innovative ways to develop, record and interpret our collections to more fully reflect the experience and interests of London's diverse communities. The Community Curator project is funded by the London Museums Hub and has worked with a number of partners including the A1 Centre in Holborn, Soho Chinese Community Centre, Tate Community Film Club, Hackney Museum, the Anglo Caribbean Tea Club, Hudson House – Thames Reach, the Sundial Centre and local residents in Golders Green. Ongoing relationships with these partners are being maintained for mutual future benefit.

In January 2009 the Museum hosted a Hub seminar *New Perspectives, New Meanings* focusing on community engagement with museum collections which was attended by forty delegates from museums across London. Partnership working and skill sharing is a major focus of this work and project staff have been in a strong position to provide training and advocacy for this type of work to other museums.

### *Loans*

The Museum is pleased to make its collection more accessible by loaning items to museums and galleries throughout the UK and abroad. In 2008/09, the Museum made loans to Tate Britain, the University of Brighton Art Gallery, the Ben Uri Gallery, and Walters Art Museum in the USA.

### *Temporary Exhibitions*

The Museum's temporary exhibition programme seeks to attract and engage with visitors of all ages, backgrounds and abilities. The exhibition programme is also an opportunity for the Museum to reinterpret collections from non-traditional perspectives, by incorporating community voices and working in partnership with external experts, stakeholders, artists and other museums/cultural institutions. A key aim during 2008-09 was to offer a varied schedule, supported by a lively talks and events programme, which drew on both our reserve collections and new content acquired through partnership working.

As the conclusion of a two-year research and collecting initiative, we opened the first major exhibition of the new era, *The Art of the Poster*. The exhibition celebrated the centenary of graphic poster design on the Underground and London Transport, and featured over 60 original designs for posters – many displayed for the first time. A landmark publication, *London Transport Posters: A Century of Art and Design*, accompanied the exhibition and we also scheduled associated events, including lectures from contributing cultural institutions such as the V&A Museum, Central St Martin's College and Kingston University, in order to maximize the educational opportunities the exhibition presented.

Sponsored by the American Express Foundation with additional conservation grants from the MLA, *The Art of the Poster* attracted over 45,000 visitors and achieved a customer satisfaction rating of 99%. Both the exhibition and publication garnered outstanding reviews from national and specialist press. The exhibition is scheduled to go on tour to Dresden, Germany, and there are plans to extend the tour to other cities during 2009/10.

## REVIEW OF ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

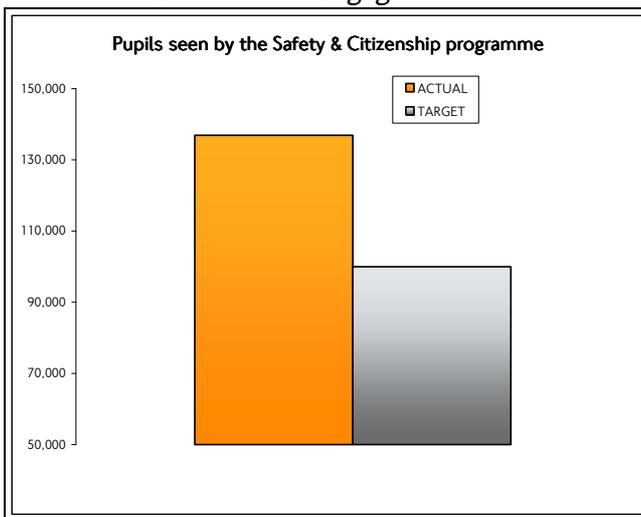
The Museum offered a number of other smaller scale exhibitions during 2008/09:

- *Last Stop*, 16 May – 27 July 2008. An exhibition of photographs by Ralf Obergfell documenting the last days of the Routemaster bus in 2007. The exhibition was supported by a book of Obergfell's photographs called *Last Stop* which featured a forward by Travis Elborough.
- *Promotion in Motion: advertising on the Underground, past, present and future*, 15 August 2008 – 26 September 2008. An exhibition charting the history of advertising displays on the Underground dating from the 19<sup>th</sup> century to the present day. Produced in partnership with CBS Outdoor, the exhibition featured multi-media displays supplied by CBSO and never before seen photographs and posters from the Museum collection. The exhibition won 'Collaboration of the Year' at CBS Outdoor's October 2008 conference.
- *New Bus for London*, 14 February – 27 March 2009. An exhibition presenting the winning and noteworthy entries to The Mayor of London's New Bus for London design competition. Designs by Foster + Partners, Aston Martin, and Jan Kaplinsky were presented in print and video displays.

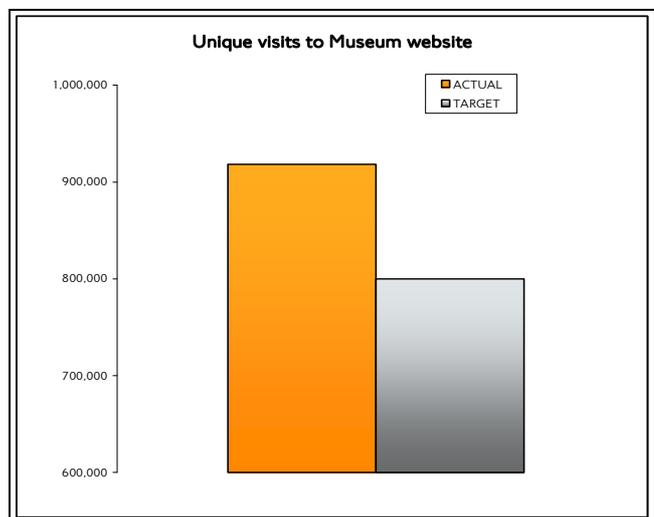
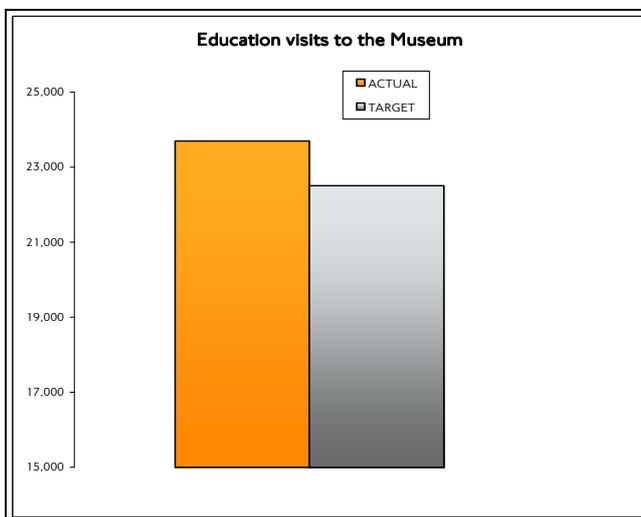
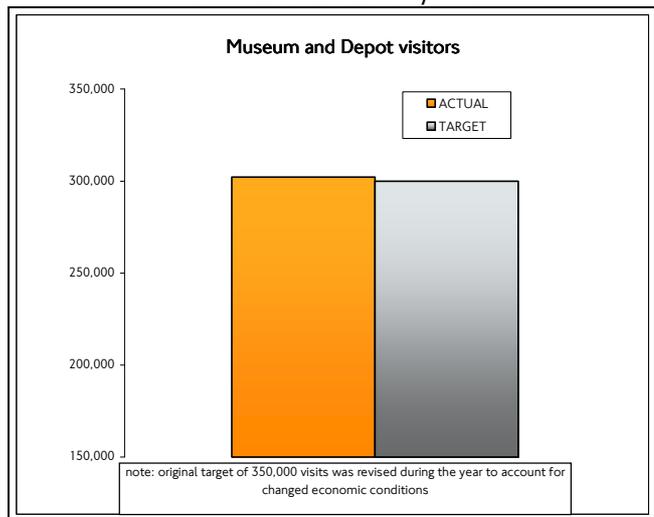
## KEY PERFORMANCE INDICATORS

The Museum's key performance targets for 2008/09 were established before the transfer to LTML. In assessing performance against these targets, the Museum monitored a range of key performance indicators. These demonstrate the Museum's strong performance in all aspects of public engagement; achieving the forecast of 300,000 visitors (the average for the previous decade was 210,000), and exceeding targets for the Safety and Citizenship programme, unique online visits and curriculum-based visits.

### Education & Engagement



### Access & Museum Operations



The key performance target for our *Heritage & Collections* activity was achievement of the Museum, Libraries and Archives Council Full Accreditation standard. The Museum was only able to be provisionally accredited while closed for refurbishment. The Accreditation Scheme is the nationally agreed standard for UK museums. To qualify, museums must meet the requirements on how they care for and document collections, how they are governed and managed, and on the information and services they offer. Accreditation benefits the users of museums services, supports managers and governing bodies in planning and developing services, and provides a benchmark for grant-making organisations, sponsors and donors. London Transport Museum was awarded full accreditation on 25 September 2008.

## INCOME AND SUPPORT

The wide range of charitable activities the Museum offers are made possible by supplementing our core funding and admission fees through generated income from retail and commercial activities, fundraising, marketing and the generous donations of time and funds by Museum volunteers and Friends.

### London Transport Museum (Trading) Limited

The Museum's subsidiary business, London Transport Museum (Trading) Limited, was formed to operate the non-charitable commercial businesses of the Museum. LTMTL generated an operating profit of £876,000 for the period, helped by a one-off transfer of retail stock worth £561,000 at nil consideration as part of the Transfer Scheme that passed Museum operations to the charity and its subsidiary.

#### *Retail and e-Commerce*

A number of initiatives were successfully undertaken by LTMTL during the period including a range of new products introduced to support the London Transport Museum's *The Art of the Poster* exhibition such as the London Transport Posters book and a variety of reproduction posters.

A new partnership with Pavilion Rattan was launched in September using surplus moquette material, as used on bus and tube seating, to create a unique range of stylish home furnishings. Furniture is made to order and is available on-line. Off-cuts from the manufacture are sent to a craft business in Shropshire for the manufacture of high quality accessories including handbags, wallets, doorstops etc, which combine leather and moquette. This initiative was recognised in January 2009 by the Association of Cultural Enterprises (the commercial trade association of museums, galleries and cultural institutions) with an award for best new product range of 2008 in the sector.

#### *Venue Hire*

Our Grade II listed building in Covent Garden has two principal spaces available for corporate and media events, the main Museum galleries (available for evening hire) and the stylish 121-seat Cubic lecture theatre (available for day or evening hire). Both spaces have been very well received by clients and corporate sponsors who appreciate the high quality venue, fully specified facilities and unrivalled central London location.

A comprehensive new brochure aimed at attracting new clients was produced and marketed in the period and although the economic conditions affected bookings from some business sectors in the latter end of 2008, business has picked up again in 2009.

### Fundraising

We are grateful to all the organizations that supported the *Art of the Poster* exhibition. American Express Foundation donated \$175,000 and worked with the Museum team to promote the exhibition to audiences through their marketing networks. The audience reach of the exhibition was extended due to the contribution of Clear Channel, who donated outdoor advertising space worth over £350,000 and we also received enabling grants from John Lyon's Charity and Osborne Clark to develop an accompanying educational programme.

## INCOME AND SUPPORT (continued)

Other important educational work has been made possible with the kind support of the Luke Rees-Pulley Charitable Trust, which made a grant of £30,000 available to fund the development of new learning resources to promote skills and careers in the transport industry to school age children. This programme will be implemented in 2009/10. In addition, public access to the Museum's library and collections housed at the Depot will now be significantly improved thanks to a grant from DCMS/Wolfson Museums and Galleries Improvement Fund of £44,000 that we will be able to draw down next year.

In September 2009 the Museum organized a successful fundraising dinner held at the Royal Opera House. The event was attended by nearly 400 transport industry guests and included Boris Johnson, Mayor of London, and Peter Hendy, Commissioner of TfL as our special guest speakers. The Museum also generates funds through its corporate membership scheme. 35 corporations signed up in the period providing valuable support for the Museum's activities.

## Marketing

The marketing of the Museum in 2008/09 was aimed at reaching new audiences and countering public perception that, before refurbishment, the Museum was just "a place for lads and dads". We featured interesting 'people' stories asking whether Mrs Beeton was the first female commuter, drawing a design comparison between London's station architecture and Stalin's Moscow Metro, surprising people with the story of how 5,000 London buses took troops to the Western Front, including an award-winning radio advert featuring Harry Patch, Britain's last surviving Tommy, that appealed to our family visitors, and inviting people to see 'their' London in 2055 by playing our Future Generator exhibit.

We particularly targeted art and design enthusiasts and young urban professionals with a range of programmes. Most important to this audience development strategy was our campaign to promote the *Art of the Poster* exhibition. The PR campaign delivered exceptional results with media coverage on a par with flagship exhibitions at the big national galleries, including the Museum's first ever colour supplement spread in The Independent, a full page in the London Paper, the Times Knowledge, Creative Review, Grafik, the Royal Academy magazine, BBC Homes & Antiques, World of Interiors, Period Living, New Statesman and The Spectator. Total media reach was 15 million made up of 1.5 million through print and 13.5 million through broadcasts. The effectiveness of this campaign was recognised by winning 'Best Marketing Campaign' in the *Museums and Heritage Awards for Excellence 2009*.

## Volunteers

The Museum relies heavily on the many volunteers who provide their time, skills and expertise to a variety of departments. 160 individuals gave their time to support Museum activities in 2008/09. Areas of involvement include the library, guided tours, working with the collections, oral history projects, photo library and the Acton Miniature Railway. During the period, a phenomenal 6,900 hours have been contributed by the volunteers. We aim to build on this achievement and go on to develop our volunteer base even further in future.

In addition, significant support was given to the Safety and Citizenship Programme by Volunteer School Liaison Officers drawn from across TfL and allied transport companies. The VSLOs provide invaluable real-life experience of the transport network and are a major part of the programme's success.

## INCOME AND SUPPORT (continued)

### London Transport Museum Friends

Many of our volunteers are members of the London Transport Museum Friends, a charitable organisation established “*for the advancement of public education in the history of transport and in particular by assisting and encouraging the work and activities of the Museum.*” The Friends provide valuable expertise, knowledge and enthusiasm as well as financial support to the Museum. Thanks to the Friends’ generosity, over 300 additional objects were accessioned into the Museum’s collection between 1 April 2008 and 31 March 2009.

### Employment Policies

At the end of March 2009, the Museum employed 111 people.

The Museum is part of the TfL Framework for Consultation and Collective Bargaining. Negotiations with regard to pay are conducted between the TfL Company Council for Collective Bargaining and the recognised trades unions. Other matters, including working arrangements and local business performance, are discussed at meetings of the TfL Local Consultative Group 2 (LCG2) which covers the Museum, TfL Travel Information Centres, TfL Lost Property Office and other operational areas of TfL Group Marketing. Trades Unions recognised at LCG2 level are the Rail, Maritime and Transport Union (RMT) and the Transport Salaried Staff Association (TSSA).

## FUTURE PLANS

The importance of maintaining and developing our audience and collections, and making the best use of our recently renovated Museum and of the Acton Depot collections centre remain at the forefront of our short and long-term agenda.

Our key areas of programme delivery for 2009/10 are:

- Launch of a major exhibition titled “Suburbia” which will examine the role of transport in creating the myth and reality of the suburb in London.
- Develop engagement with engineering activities for young people in order to provide skills and learning.
- Develop a Thought Leadership programme to establish the Museum as a forum for debate about the future of London and its transport.
- Create a strategic plan for development of Acton Depot to extend collections access and educational engagement.
- Extend online offer with two major pieces of work: our Hub funded Online Film collection and the Virtual Assistant project, a programme that will innovatively use web technology to answer enquiries online.

In addition the Museum has developed seven business objectives to enhance our financial sustainability in light of the current difficult economic climate:

1. Sustain the charity’s core Museum activities by welcoming at least 275,000 visitors to our Museum and Depot and achieving at least an 80% satisfaction rating.
2. Broaden the Museum’s reach through innovative means of access and the development of an engaging and exciting public programme for new target audiences.
3. Increase and sustain our engagement with customers and stakeholders by increasing the conversion rate of web visitors to actual visitors to Museum premises and events, and growing corporate membership to support Museum operations.
4. Widen the funding base for our charitable activities by seeking support for our educational programmes and major exhibition.
5. Generate additional commercial income through London Transport Museum (Trading) Limited.
6. Increase efficiency through the review of major contracts.
7. Maximise the benefits of our relationship with TfL by developing beneficial relationships for the Museum and the communities of London with TfL as a key partner.

Through the coming year we will work to align these business priorities more closely with our charitable activities to ensure that we can secure the Museum’s financial sustainability in order to extend and enhance our delivery of public benefit.

## FINANCIAL REVIEW

The Museum ended the period with funds carried forward of £28.30m.

Under the Transfer Scheme, as part of the transfer of net assets, £28.74m of fixed assets relating to the premises and exhibitions transferred to LTML on 1 April 2008 when the charity took on the operation of the Museum. The assets have been subject to depreciation of £1.27m to 31 March 2009 and there have been additions of £0.14m. The £27.61m balance sheet value of the Museum's fixed assets is set aside in a Designated Fixed Assets and Buildings Fund as these assets are not readily available for other purposes.

Also as part of the Transfer Scheme, liabilities of £1.02m were transferred to LTML along with an additional grant for this sum from TfL to discharge these liabilities. At the end of the period £0.14m of these liabilities remain in place and accordingly £0.14m has been treated as a designated fund.

The Museum also received £11.37m of other income during the period including the principal source of operating income, the core grant of £5.47m from TfL. Other significant income streams include £1.02m from admission charges to the Museum's galleries and events; support from the MLA through the London Museums Hub of £0.55m; and turnover on commercial activities undertaken by London Transport Museum (Trading) Limited of £2.09m. Other income is detailed in the notes to the accounts.

Significant costs associated with the Museum's premises and the management and administration of the charity are shared by all departments and are apportioned to charitable activities. The direct costs of charitable activities relate primarily to staff.

London Transport Museum (Trading) Limited made £0.88m operating profit which will be donated by Gift Aid to LTML.

### Reserves Policy

Having considered the scale, complexity and risk profile of the Museum, and taken account of its funding base, the Trustees aspire to build up reserves for asset renewals and capital expenditure associated with the Museum's premises, facilities and exhibitions which are estimated to be between £5m-£8m over the next ten years. The Trustees have set a target range for reserves for this purpose of between £1m-£2m.

Given the current economic climate, and as a newly established charity, the Trustees intend to build up the reserves to the target level slowly and progressively, in stages consistent with the Museum's overall financial position and its need to maintain and develop its charitable activities. At 31 March 2009 the Trustees have designated an initial £500,000 in a Museum Development Fund.

Funds in excess of the Museum Development Fund are held as general funds to meet working capital requirements and unforeseen circumstances. As the TfL core grant is paid quarterly in advance and the Museum has significant daily cash takings through admissions and associated donations, the working capital requirements are expected to be minimal. Residual reserves at 31 March 2009 amount to £15,000.

### Investments policy

It is the policy of the Museum to invest surplus funds in short-term cash deposits within the UK.

## STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF LONDON TRANSPORT MUSEUM LIMITED IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Trustees, who held office at the date of approval of the Trustees' report confirm, that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Auditors**

A resolution to reappoint KPMG LLP as auditors will be proposed at the next Trustees Board meeting.

This report was approved by the Board of Trustees on 16 June 2009 and signed on its behalf by:

Sir David Bell, Chair of Board of Trustees

## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LONDON TRANSPORT MUSEUM LIMITED

We have audited the group and charity financial statements (the 'financial statements') of London Transport Museum Limited for the period ended 31 March 2009 which comprise the group Statement of Financial Activities, the group and charitable company Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its member, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Trustees and auditors

The Trustees' (who are also the Directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 20.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company's group is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatement within it. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

## INDEPENDENT AUDITORS' REPORT (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 31 March 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

### KPMG LLP

*Chartered Accountants*

*Registered Auditor*

1 Forest Gate

Brighton Road

Crawley

West Sussex

RH11 9PT

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME & EXPENDITURE ACCOUNT)

Period ending 31 March 2009

	Note	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
<b>Incoming resources</b>				
<i>Incoming resources from generated funds:</i>				
<i>Voluntary income:</i>				
Transfer of net assets from TfL		28,834	-	28,834
Core grant		5,471	-	5,471
Other donations		820	-	820
	2	35,125	-	35,125
<i>Activities for generating funds</i>	3	2,851	3	2,854
<i>Investment income (bank interest)</i>		65	-	65
<i>Incoming resources from charitable activities:</i>				
Education & Engagement		1,346	346	1,692
Access & Museum Operations		1,018	161	1,179
Heritage & Collections		4	213	217
	4	2,368	720	3,088
<b>Total incoming resources</b>		<b>40,409</b>	<b>723</b>	<b>41,132</b>
<b>Resources expended</b>				
<i>Costs of generating funds:</i>				
Costs of generating voluntary income		597	3	600
Commercial trading operations		1,775	-	1,775
	5	2,372	3	2,375
<i>Cost of charitable activities:</i>				
Education & Engagement		3,498	301	3,799
Access & Museum Operations		3,953	161	4,114
Heritage & Collections		2,262	213	2,475
	5	9,713	675	10,388
<i>Governance costs</i>	7	65	-	65
<b>Total resources expended</b>		<b>12,150</b>	<b>678</b>	<b>12,828</b>
<b>Net incoming resources before transfers</b>		<b>28,259</b>	<b>45</b>	<b>28,304</b>
Gross transfers between funds		-	-	-
<b>Net movement of funds in year</b>		<b>28,259</b>	<b>45</b>	<b>28,304</b>
<i>Reconciliation of funds</i>				
<b>Total funds carried forward</b>		<b>28,259</b>	<b>45</b>	<b>28,304</b>

The statement of financial activities includes all gains and losses recognised in the period. All incoming resources and resources expended derive from continuing activities.

BALANCE SHEETS

As at 31 March 2009

	Note	Group £000	Museum £000
<b>Tangible Fixed Assets</b>	11	27,609	27,609
<b>Current Assets</b>			
Stock		682	-
Debtors	12	886	1,658
Cash	13	1,529	1,400
		<b>3,097</b>	<b>3,058</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(2,402)</b>	<b>(2,363)</b>
<b>Net Current Assets</b>		<b>695</b>	<b>695</b>
<b>Net Assets</b>		<b>28,304</b>	<b>28,304</b>
<b>Represented by</b>			
Restricted funds	15a	45	45
Called up share capital	17	-	-
Designated funds	15a		
Fixed assets and buildings		27,609	27,609
Pre charitable liabilities		135	135
Museum development		500	500
General fund		15	15
	15	28,259	28,259
		<b>28,304</b>	<b>28,304</b>

These financial statements were approved by the Trustees on 16 June 2009 and signed on their behalf by:

Sir David Bell, Chair of Board of Trustees

The notes at pages 25 to 38 form part of these accounts

## Notes to the financial statements

### 1. Accounting Policies

#### a) Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice: “Accounting and Reporting by Charities” (SORP 2005) as well as the applicable UK Accounting Standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### b) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary London Transport Museum (Trading) Limited on a line by line basis. Neither a separate statement of financial activities nor an income and expenditure account are presented for the charity itself following the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of the SORP. The charity’s total incoming resources (gross income) for the period were £39.4m; the charity’s net incoming resources (net income) for the period were £28.4m.

#### c) Incoming resources

Incoming resources are included in the statement of financial activities when the Museum has entitlement and certainty of receipt, and the amount can be measured with sufficient reliability.

Voluntary income includes donations, gifts, legacies and grants that provide core funding or are of a general nature. These are recognised upon receipt. Such income would only be deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the Museum has unconditional entitlement.

Income from commercial trading and sponsorship activities is recognised as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions which is recognised as the related goods or services are provided.

Goods, facilities and services donated for the Museum’s use, where the benefit is quantifiable and the goods and services would otherwise have had to be purchased, are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

## Notes to the financial statements

### d) Volunteers

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the body of the Trustees' Annual Report.

### e) Resources expended

All outgoing resources are included in the Statement of Financial Activities inclusive of any irrecoverable VAT. Expenditure is recognised when a liability is incurred and is classified under the following principal categories:

- *Costs of generating funds* are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- *Charitable activities* include expenditure associated with the operation of the Museum and its educational and public programmes, and the management and development of the Museum's collections.
- *Governance costs* include those incurred in the governance of the Museum and its assets and are primarily associated with constitutional and statutory requirements.

Where costs relate directly to an activity they have been allocated against that activity. Support costs that relate to more than one activity have been allocated to activity cost categories on the basis of staff numbers in each area of activity (see Note 6).

### g) Operating leases

Costs relating to operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

### h) Tangible fixed assets

Individual fixed assets over £10,000 are capitalised at cost.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Plant and Equipment	3 – 10 years
Buildings and Refurbishments	10 – 35 years

Structural improvements to the fabric of the Museum building are depreciated over the remaining life of the lease (35 years).

Other building work is capitalised where it is considered that future economic benefits in excess of the originally assessed standard of performance will flow as a result of that work.

### i) Stock

Stock is valued at the lower of cost or net realisable value.

## Notes to the financial statements

### **j) Heritage assets**

Heritage Assets are those assets of historical, artistic or scientific importance that are held to advance the preservation, conservation and educational objects of the Museum. The Museum collections consist of over 350,000 items and are on loan from TfL. Assets on loan are not capitalised within these financial statements although expenditure relating to their use and maintenance is included.

### **k) Funds structure**

Restricted funds are funds to be used for particular purposes laid down by the donors or which have been raised for a specific purpose.

Unrestricted funds are funds available for use at the discretion of the Trustees in furtherance of the Museum's charitable objectives.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

The purposes and uses of the funds held in each of these categories are given in Note 15.

### **l) Pensions**

The Museum operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Museum. The parent charity is a member of that pension scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as permitted by the multi-employer exemption in FRS 17 "Retirement Benefits", it is accounted for as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period. The disclosures required under FRS 17 are given in Note 18.

### **m) Related party transactions**

Except in so far as disclosed in Note 19, the Museum has taken advantage of the exemption set out in FRS 8 not to disclose any transactions with other TfL Group undertakings.

### **n) Taxation**

The Museum is exempt from tax in respect of its income which is applied to its charitable activities.

### **o) Cash flow**

Following the exemptions afforded by FRS1 and the Companies Act 1985, where the charity forms part of the Transport Trading Limited group, a separate cash flow statement is not required.

## Notes to the financial statements

### 2. Voluntary Income

	Unrestricted £000	Restricted £000
<b>Transfer of net assets from TfL</b>	28,834	-
<b>Core grant from TfL</b>	5,471	-
<b>Donated services</b>		
Arriva	20	-
Clear Channel	352	-
Seconded staff	121	-
<b>Donations</b>		
Donations & Gift Aid	325	-
Legacies	2	-
	<b>35,125</b>	-

### 3. Activities to generate funds

	Unrestricted £000	Restricted £000
Retail sales	1,651	-
Other trading activities		
Corporate hire	366	-
Catering income	73	-
Other activities to generate funds		
Fundraising events and sponsorships	717	-
Other miscellaneous income	44	3
	<b>2,851</b>	<b>3</b>

### 4. Incoming resources from charitable activities

Group and Museum	Unrestricted £000	Restricted £000	Total £000
London Museums Hub grants	-	548	548
Luke Rees-Pulley Charitable Trust grant	-	30	30
American Express Foundation grant	-	126	126
John Lyons Charity grant	-	15	15
Safety & Citizenship income	1,288	-	1,288
Museum admissions	1,018	-	1,018
Other miscellaneous charitable income	62	1	63
	<b>2,368</b>	<b>720</b>	<b>3,088</b>

## Notes to the financial statements

### 5. Resources Expended

	Direct Costs £000	Apportioned Shared Support Costs £000	Total £000
Costs of generating funds			
Costs of generating voluntary income	295	305	600
Cost of goods sold	780	-	780
Other trading costs	995	-	995
Charitable activities			
Education & Engagement	1,660	2,139	3,799
Access & Museum Operations	1,212	2,902	4,114
Heritage & Collections	1,099	1,376	2,475
Governance	65	-	65
<b>Total</b>	<b>6,106</b>	<b>6,722</b>	<b>12,828</b>

The cost of generating voluntary income includes the cost of generating core funding.

### 6. Shared Support Cost Allocation

	Education & Engagement £000	Access & Museum Operations £000	Heritage & Collections £000	Activities to generate funds £000	Total £000
Premises & facilities	1,478	2,006	950	211	4,645
Finance & management	368	499	237	53	1,157
Marketing	141	191	91	20	443
Systems	86	117	56	12	271
Design & presentation	66	89	42	9	206
<b>Total</b>	<b>2,139</b>	<b>2,902</b>	<b>1,376</b>	<b>305</b>	<b>6,722</b>

A Management Fee of £787,000 was charged to the trading subsidiary during the period.

### 7. Governance Costs

	Group £000	Museum £000
Systems	10	10
External audit	55	50
	<b>65</b>	<b>60</b>

## Notes to the financial statements

### 8. Trading Subsidiary

The Museum has a single subsidiary company, London Transport Museum (Trading) Limited, having an issued share capital of £1, wholly owned by London Transport Museum Limited. LTMTL undertakes retail and venue hire operations.

#### LTMTL Profit and Loss Account

	<b>£000</b>
Turnover	2,089
Cost of operations	(1,213)
<b>Operating Profit</b>	<b>876</b>
Gift Aid payable to London Transport Museum	(876)
<b>Profit/(Loss) before taxation</b>	<b>-</b>

#### LTMTL Balance Sheet

	<b>£000</b>
<b>Current Assets</b>	
Stock	682
Debtors	104
Cash	129
	<b>915</b>
<b>Creditors:</b> amounts falling due within one year (including Gift Aid to LTML)	<b>(915)</b>
<b>Net Current Assets</b>	<b>-</b>
Called up share capital (£1)	-

### 9. Staff Costs and Staff Numbers

#### (a) Total remuneration

<b>Group and Museum</b>	<b>£000</b>
Wages and salaries	3,452
Social security costs	263
Pension costs	766
	<b>4,481</b>

The wages and salaries figure includes £121,000 of costs relating to staff seconded to the Museum from TfL and the Museums Association

The Chief Executive is the only paid director and received emoluments from the Museum, including salary, fees, benefits in kind and other emoluments totalling £90,128. In addition, the Museum made contributions totalling £22,708 to the TfL Pension Fund, a defined benefit scheme on behalf of the Chief Executive for the period. At 31 March 2009 the Chief Executive had accrued an annual pension of £39,623 in the TfL defined benefit pension fund.

## Notes to the financial statements

The number of employees whose emoluments amounted to over £60,000 in the period was as follows:

	No.
£60,000 - £70,000	1
£70,000 - £80,000	1
£80,000 - £90,000	0
£90,000 - £100,000	1

Contributions to the defined benefit pension scheme were made in respect of the three higher paid employees and amounted to £58,535.

(b) Other than the Chief Executive, none of the Trustees received any remuneration for their services. Reimbursements of expenses which totalled £436 were made in the period.

(c) The average number of persons employed during the period was:

	FTE
Education & Engagement	21.0
Access & Museum Operations	28.5
Heritage & Collections	13.5
Activities to generate funds	18.0
Support functions	
Premises & facilities	9.0
Finance & management	11.5
Marketing	2.0
Systems	2.0
Design & presentation	2.5
	108.0
<i>Plus seconded staff</i>	3.5

## 10. Net Income

This is stated after charging:

	£000
Depreciation	1,267
Auditor's remuneration:	
Audit - company	50
Audit - subsidiary company	5
Audit - other consultancy	2
Operating lease rentals - buildings	1,203
Operating lease rentals - office equipment	25
<b>Total</b>	<b>2,552</b>

## Notes to the financial statements

### 11. Tangible Fixed Assets

Group and Museum	Property & buildings £000	Plant & equipment £000	Total £000
<b>Gross valuation</b>			
Transfers from TfL group companies	28,206	533	28,739
Additions	-	137	137
<b>At 31 March 2009</b>	<b>28,206</b>	<b>670</b>	<b>28,876</b>
<b>Depreciation</b>			
Charge for the period	1,174	93	1,267
<b>At 31 March 2009</b>	<b>1,174</b>	<b>93</b>	<b>1,267</b>
<b>Net book value at 31 March 2009</b>	<b>27,032</b>	<b>577</b>	<b>27,609</b>

### 12. Debtors

	Group £000	Museum £000
Trade debtors	144	72
Sundry debtors	18	-
TfL Group debtors	247	237
Prepayments and accrued income	477	473
Amount owed by subsidiary undertakings	-	876
	<b>886</b>	<b>1,658</b>

### 13. Cash

	Group £000	Museum £000
Held in current accounts and in hand	222	163
Held in short term deposit accounts	1,307	1,237
	<b>1,529</b>	<b>1,400</b>

### 14. Creditors: amounts falling due within one year

	Group £000	Museum £000
Trade creditors	248	228
TfL Group creditors	697	697
Taxation	19	-
Accruals	1,438	1,438
	<b>2,402</b>	<b>2,363</b>

No balances fell due after more than one year.

## Notes to the financial statements

### 15. Statement of group funds

(a) The movements on funds are as follows:

Group and Museum	Income	Expenditure	Transfers	31 March 2009
	£000	£000	£000	£000
<b>Unrestricted Funds</b>				
<b>Designated Funds</b>				
Fixed assets and buildings	28,739	(1,267)	137	27,609
Pre-charitable liabilities	1,016	(881)	-	135
Museum development	-	-	500	500
<b>Total Designated Funds</b>	<b>29,755</b>	<b>(2,148)</b>	<b>637</b>	<b>28,244</b>
General funds	10,654	(10,002)	(637)	15
<b>Total Unrestricted Funds</b>	<b>40,409</b>	<b>(12,150)</b>	<b>-</b>	<b>28,259</b>
<b>Restricted Funds</b>				
Osborne Clarke	1	(1)	-	-
American Express Foundation (\$175k)	126	(126)	-	-
Luke Rees-Pulley Charitable Trust	30	-	-	30
John Lyon's Charity	15	-	-	15
London Museums Hub	551	(551)	-	-
<b>Total Restricted Funds</b>	<b>723</b>	<b>(678)</b>	<b>-</b>	<b>45</b>
<b>Total Funds</b>	<b>41,132</b>	<b>(12,828)</b>	<b>-</b>	<b>28,304</b>

#### *Designated funds*

The Fixed Assets and Buildings Fund represents the net book value of the Museum's tangible fixed assets.

The Pre-charitable Liabilities Fund represents the balance of funds available to meet the liabilities relating to Museum operations incurred prior to 1 April 2008 when LTML took over operation of the Museum. A transfer of funds of £1,016,000 from TfL to meet these obligations was made during the period.

The Trustees have designated £500,000 in a Museum Development Fund to provide for future investment in the Museum's facilities, galleries and exhibitions.

#### *Restricted funds*

The Luke Rees-Pulley Charitable Trust made a grant of £30,000 to fund the development of new learning resources to promote skills and careers in the transport industry to school age children.

John Lyon's Charity made an enabling grant of £15,000 to develop an educational programme for the benefit of children from schools in Ealing and Westminster.

## Notes to the financial statements

### *(b) Analysis of group net assets between funds*

Fund Balances as at 31 March 2009 represented by:-	Unrestricted Funds £000	Restricted Funds £000	Total £000
Fixed Assets	27,609	-	27,609
Current Assets	2,858	239	3,097
Current Liabilities	(2,208)	(194)	(2,402)
<b>Total Net Assets</b>	<b>28,259</b>	<b>45</b>	<b>28,304</b>

## 16. Operating leases

At 31 March 2009 the Museum has annual commitments as follows:

Expiry date	Land & Buildings £000	Other £000
Between 2 and 5 years	-	30
Over 5 years	1,207	-

## 17. Called up share capital

	£
<b>Authorised</b>	
1 ordinary share of £1	1
<b>Allocated, issued and fully paid up</b>	
1 ordinary share of £1	1

## 18. Pensions

### *Background*

The Museum offers retirement plans to its employees. The majority of the Museum's staff are members of the Public Sector Section of the TfL Pension Fund. This scheme, to which the Museum contributes, is a defined benefit scheme where the benefits are based on employees' length of service and final pensionable pay. The scheme is established under trust. The Fund's Trustee is the TfL Trustee Company Limited, a wholly owned subsidiary of Transport for London. Under the rules of the Fund, its 18 trustee directors are nominated in equal numbers by Transport for London and on behalf of the Fund's membership. Transport for London and the Museum's fellow subsidiaries also participate in the Public Sector Section and it is not possible to identify the Museum's share of the underlying assets and liabilities.

The Fund's Actuary makes periodic valuations and recommends the level of contributions to be made by the participating employers to ensure long-term solvency of the Fund. The latest valuation of the Fund was carried out as at 31 March 2006 by the Actuary, a partner of consulting actuaries Watson Wyatt, using the projected unit method.

The level of contributions paid by the employer is 31.0% of pensionable pay.

## Notes to the financial statements

### Accounting

A separate valuation of the Public Sector Section has been prepared for accounting purposes on a FRS 17 basis as at 31 March 2009.

It is not possible to identify the Museum's particular share of the Public Sector Section's assets and liabilities on a consistent and reasonable basis. As permitted by the multi-employer exemption in FRS 17, it is accounted for as if it were a defined contribution scheme. The Museum's contributions to the Public Sector Section of £766,000 have been charged to the profit and loss account.

FRS 17 specifies how key assumptions should be derived and applied. These assumptions are often different to the assumptions adopted by the pension scheme actuary and trustees in determining the funding position of pension schemes.

The FRS 17 valuation is broadly based on the Public Sector Section's assets being valued at market value at the balance sheet date with the Section's liabilities being discounted at the rate of return on high quality corporate bonds of equivalent term to the liabilities. The major assumptions used in this valuation were:

<i>At 31 March</i>	<b>2009</b>	2008	2007
	<b>%</b>	%	%
Inflation	<b>2.90</b>	3.60	3.10
Rate of increase in salaries	<b>3.65</b>	5.10	4.60
Rate of increase of pensions in payment and deferred pensions	<b>2.90</b>	3.60	3.10
Discount rate	<b>6.90</b>	6.80	5.35
Investment return	<b>6.40</b>	6.80	6.90

The fair value of the Public Sector Section's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the Public Sector Section's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were as shown below. Also shown are the expected long term rates of return which are the best estimates chosen from a range of possible assumptions and, due to the time-scale covered, may not necessarily be borne out in practice.

<i>At 31 March</i>	<b>2009</b>		2008		2007	
	<b>Expected return % pa</b>	<b>Value at 31 March £m</b>	Expected return % pa	Value at 31 March £m	Expected return % pa	Value at 31 March £m
Equities	<b>8.0</b>	<b>1,957.2</b>	8.2	2,305.0	8.1	2,576.7
Bonds	<b>4.3</b>	<b>1,171.7</b>	4.9	1,605.3	4.9	1,421.7
Cash, property and other assets	<b>3.7</b>	<b>266.5</b>	5.2	168.7	4.6	101.8
Total market value of assets		<b>3,395.4</b>		4,079.0		4,100.2
Actuarial value of Section liabilities		<b>(4,415.8)</b>		(4,675.7)		(5,034.2)
Deficit in Section		<b>(1020.4)</b>		(596.7)		(934.0)

## Notes to the financial statements

The figures above include the assets and liabilities of the entire Public Sector Section of the TfL Pension Fund, and include members who are employed by, and whose contributions are made by Transport for London. This is because, as stated above, it is not possible to identify the Museum's particular share. Further details of the Public Sector Section's position can be found in the Statement of Accounts of Transport for London.

### *Unfunded pension costs*

The Museum bears the cost of:

- augmentation of the pensions of certain employees, who retire early under voluntary severance arrangements;
- ex-gratia payments, which are made to certain employees on retirement in respect of service prior to the establishment of pension funds for those employees;
- supplementary payments, which are made to certain employees who retired prior to index linking of pensions.

## 19. Related Party Transactions

### *Transport for London*

London Transport Museum Limited is a subsidiary company of Transport Trading Limited (TTL), a Transport for London Group company. TfL provides financial assistance to The Museum in the form of a core grant for Museum operations. In addition, the London Underground and Surface Transport divisions of TfL provide financial support to the Safety and Citizenship Programme which is operated by the Museum.

The Museum also receives benefit from the activities of TfL group functions such as Finance, Human Resources and Payroll. Management Fees are levied upon the Museum by TfL and TTL for services provided. Fees are applied at the same rates as for all other TfL group companies.

Under FRS 8 – 'Related Party Disclosures' the Museum is exempt from disclosing transactions with other TfL Group undertakings but a summary of the total value of transactions with TfL is given below.

<i>Related party transactions with TfL</i>	<i>Income</i>	<i>Expenditure</i>
	<i>£000</i>	<i>£000</i>
Transfer of net assets and funds for pre-charitable liabilities	28,834	-
Core grant	5,471	-
Other income	1,479	-
Group services provided	-	1,172

## Notes to the financial statements

### *Other material related party transactions in the period*

<i>Related party</i>	<i>Income</i> <i>£000</i>	<i>Expenditure</i> <i>£000</i>	<i>Details</i>
London Museums Hub (a)	551	-	Grants
London Transport Museum Friends (b)	10	3	Administrative support/volunteer expenses
Four Communications (c)	-	5	Marketing services
David Worthington (d)	-	4	Showcase development

(a) The Museum is a partner in the London Museums Hub alongside the Museum of London, the Geffrye Museum and the Horniman Museum. All Hub museums are in receipt of funding via the Museums, Libraries and Archives Renaissance funding stream. Janet Vitmayer is Chief Executive of the Horniman Museum and a member of the Renaissance London Board alongside LTML Chief Executive Samuel Mullins.

(b) Robert Ian Arthurton is Chairman of the London Transport Museum Friends, a registered charity whose aims include assisting and encouraging the work and activities of London Transport Museum.

(c) Jeremy Fraser is a Director of Four Communications Group plc.

(d) Prior to him becoming a Trustee, David Worthington assisted the Museum with the development of a new showcase in the galleries.

As at 31 March the following amounts remained outstanding in respect of transactions a-d above.

<i>Related party</i>	<i>Income</i> <i>£000</i>	<i>Expenditure</i> <i>£000</i>	<i>Details</i>
London Museums Hub (a)	194	-	Grants
London Transport Museum Friends (b)	-	2	Volunteer expenses

## 20. Legal status and Ultimate Holding Company

LTML is a company limited by shares and a wholly owned subsidiary company of TTL, the holding company for all the operating companies controlled by Transport for London. The share capital of the company is 1 ordinary share of £1.

LTML's Memorandum of Association states "the property and funds of the Charity must be used only for promoting the Objects and no dividends shall be paid to the Member".

## TRUSTEES AND ADVISERS

### *Directors and Trustees*

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

#### Board of Trustees

Robert Ian Arthurton	Samuel Mullins (Chief Executive)
Sir David Bell (Chair)	Timothy O'Toole (resigned 30/04/2009) *
Roger Cooke	Valerie Todd (resigned 11/01/2009) *
Leon Daniels	Janet Vitmayer
Jeremy Fraser (appointed 03/09/2008)	David Wetzel (resigned 02/06/2008) *
Judith Garfield	David Worthington (appointed 11/03/2009)
Glenn Lyons	

\* *Nominee of Transport for London*

#### Audit Committee

Sir David Bell	Company Secretary
Roger Cooke (Chair)	Howard Carter
Leon Daniels	Ellen Howard

#### Directors of London Transport Museum (Trading) Limited

Christopher Gilbert	Michael Walton
Samuel Mullins	David Worthington
Randeep Sidhu	

#### Principal Bankers

HSBC 8 Victoria Street, London, SW1H 0NJ	Auditors KPMG LLP 1 Forest Gate Brighton Road, Crawley West Sussex RH11 9PT	Principal Legal Advisers TfL In-House Legal Department 6th Floor Windsor House 42-50 Victoria Street London SW1H 0TL
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<b>London Transport Museum Ltd</b> Charity Number 1123122 Company Number 6495761 Registered Address Windsor House 42-50 Victoria Street London SW1H 0TL	<b>London Transport Museum (Trading) Ltd</b> Company Number 6527755 Registered Address: Windsor House 42-50 Victoria Street London SW1H 0TL
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